

# WIPO



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## PROGRAM AND BUDGET COMMITTEE

### Thirteenth Session

Geneva, December 10 and 11, 2008

IMPLEMENTATION OF THE NEW MECHANISM TO FURTHER INVOLVE MEMBER  
STATES IN THE PREPARATION AND FOLLOW-UP OF  
THE PROGRAM AND BUDGET

*Document prepared by the Secretariat*

#### I. INTRODUCTION

1. At their forty-second series of meetings, in September – October 2006, the Assemblies of the Member States of WIPO approved the recommendations of the tenth session of the Program and Budget Committee (PBC), which included the recommendation to adopt the new mechanism for the preparation and follow-up of the Program and Budget (see document A/42/14, paragraph 187, sub-paragraph (ii)). The approval of this recommendation was with the understanding that the PBC would report back to the General Assembly on the progress and implementation of the new mechanism. The purpose of the present document is to provide initial information to the PBC on the implementation of the new mechanism and to make recommendations for its improvement for consideration by the Committee.

#### II. PROGRESS AND IMPLEMENTATION OF THE NEW MECHANISM

2. The new mechanism was introduced to strengthen the involvement of Member States in the preparation and follow-up of the Program and Budget and to enable greater review and reflection of past performance (e.g., as contained in Program Performance Reports, the Financial Management Report and Interim Financial Report, and recommendations by the Audit Committee and/or External Auditor) to help prepare the Program and Budget for the

next biennium. The new mechanism was introduced in two stages: a preliminary phase for 2006/07 (see Annex I) and full implementation from 2008/09 onwards (see Annex II).

3. In accordance with the new mechanism, the preparation of the proposed Program and Budget for the 2008/09 biennium included: (i) the distribution of a questionnaire (in October 2006); (ii) the discussion at an informal session of the PBC (in December 2006) of an Outline of the Director General (document WO/PBC/IM/3/06/3); (iii) a first reading of the proposed Program and Budget 2008/09 by the eleventh (June 2007) session of the PBC (document WO/PBC/11/6); and (iv) based on the feedback received following that first reading, a second review by the twelfth (September 2007) session of the PBC (document WO/PBC/12/3). Following further discussion, and having taken note of the clarifications provided by the Secretariat on a number of issues, the Secretariat then submitted a proposed Program and Budget 2008/09 to the September 2007 WIPO Assemblies (document A/43/12). The proposal was not adopted by this session of the Assemblies. The proposed Program and Budget 2008/09 was resubmitted to an extraordinary session of the WIPO Assemblies in March 2008 and was approved for implementation in 2008, with the understanding that the PBC consider a revised Program and Budget for 2008/09 during its 2008 session for implementation in 2009.

4. In accordance with the new mechanism, the Secretariat also submitted a proposal for a revised budget for the 2006/07 biennium to the September 2007 WIPO Assemblies (document A/43/3). The proposal was not adopted by this session of the Assemblies.

5. Also related to the new mechanism, the Secretariat presented the new Financial Regulations and Rules of WIPO (FRR) to the September 2007 Assemblies. Following approval, the FRR came into effect January 1, 2008. The FRR addresses all substantive elements of the Program and Budget process, thus providing the new statutory requirements for the same in a formal policy document adopted by Member States. In respect of the involvement of Member States in the preparation of the Program and Budget, however, the FRR retains reference to the mechanism under Regulation 2.2, which states that "*The involvement of Member States in the preparation of the proposed program and budget for the next financial period shall be in accordance with the mechanism that they adopted in that respect.*"

6. Following the Director General's nomination by the WIPO Coordination Committee on May 13, 2008, a period of transition ensued until his appointment by the WIPO Assemblies in September 2008 and his taking office on October 1, 2008. During this transition phase, it was considered advisable to wait until the new Director General took office thus allowing him time to present his vision and new strategic direction for the Organization, reflecting the desire for change that had been expressed by Member States. In light of this, it was decided not to formally canvass the views of Member States in May/June 2008 through the distribution of a Circular Letter and Questionnaire on the preparation of the next Program and Budget (for the 2010/11 biennium), as provided for in the mechanism. Similarly, it was also agreed to postpone, until December 2008, the convening of the Program and Budget Committee which, according to the mechanism, would have taken place prior to the WIPO Assemblies in September 2008.

7. The postponement of the Program and Budget Committee's session from September to December 2008, also affected the timing for the submission and review of other documents and presentations, which would have been considered by the September sessions of the PBC and the WIPO Assemblies. The relevant documents and presentations are: (i) the Financial

Management Report and External Auditor's Report for 2006/07; (ii) the Program Performance Report for 2006/07; (iii) report of the Internal Auditor; and (iv) briefing by the Chair of the Audit Committee. These items are now included on the agenda for the present, rescheduled, Program and Budget Committee session (December 10 and 11, 2008).

8. This postponement enabled the new Director General, shortly after taking office, to present his vision and new strategic approach for the Organization in an "Outline Document for the Proposed Revised Program and Budget 2008/09" at Informal Consultations with Member States on October 21, 2008. This initial consultation was followed by Regional Consultations between October 24 and October 29, 2008, and a further session of Informal Consultations with all Member States on October 30, 2008. The purpose of this extensive consultation process was to ensure that Member State input and feedback was reflected in the preparation of the proposed Revised Program and Budget 2008/09. The informal consultations and the level of transparency and quality of the documents were much appreciated by Member States.

### III. LESSONS LEARNT AND PROPOSALS TO ADDRESS THESE

9. During this initial period of implementation, a number of lessons have been learnt, which are summarized below. In order to address these and thereby further strengthen the involvement of Member States in the Organization's Program and Budget process, selected proposals for change are presented for consideration by Member States.

10. The purpose of introducing the Circular Letter, Questionnaire and the Director General's Outline on the Program and Budget document was to engage Member States at the very outset of the preparation of the Program and Budget to ensure that the first draft reflected the strategic direction they wished the Organization to take. At the time this element was incorporated in the mechanism, there was no process in place for Member States' involvement in the preparation and approval of a Medium-Term Strategic Plan. The Director General has announced his intention to strengthen this process of strategic dialogue with Member States, by preparing a Medium-Term Strategic Plan for the period 2010-15 in close consultation with Member States and submitting it to them for approval in parallel with the preparation of the proposed Program and Budget 2010/11.

11. Furthermore, the Director General has placed great emphasis on improving communications with Member States and obtaining their input and feedback. As indicated in paragraph 8 above, this emphasis has been reflected in the preparation of the proposed Revised Program and Budget for the 2008/09 biennium through a process of extensive consultations with Member States. This process was welcomed by Member States, and also provided an opportunity for the Director General to reflect upon the feedback received and ensure its appropriate reflection in the proposed Revised Program and Budget for the 2008/09 biennium.

12. The Secretariat considers that the proposal to prepare and approve the Medium-Term Strategic Plan in parallel with the preparation and approval of the proposed Program and Budget 2010/11 and together with enhanced communications, including regular consultations with Member States, is the most effective way of obtaining input and feedback from Member States, which the Secretariat can reflect more meaningfully in the preparation of the Program and Budget. It also helps ensure Member States' engagement in these matters at both the strategic as well as program and budget level. The Secretariat would therefore propose that

this process should replace the requirement in the mechanism for the steps that have not been undertaken in 2008 (as described in paragraph 6 above) regarding the issuing of a Circular Letter and Questionnaire and the distribution and discussion of the Director General's Outline Document. Based on the implementation of this revised process, the Secretariat will consider how this might be reflected for future biennia.

13. The indicative timelines in respect of the process for the presentation of the Medium-Term Strategic Plan for 2010-15 and the Program and Budget for the 2010/11 biennium are noted below for information.

- **End April 2009** as required by Regulation 2.6 of the FRR, submission of the draft proposed Program and Budget 2010/11 to the PBC “for discussion, comments and recommendations, including possible amendments”. This would be accompanied by the draft proposed Medium-Term Strategic Plan, which provides the context and framework for the Program and Budget;
- **May - June 2009** informal consultations with Member States on first drafts of the documents;
- **End June 2009** informal session of the PBC – to review and provide input and feedback into the Medium-Term Strategic Plan, and the proposed Program and Budget for 2010/11;
- **by mid-August 2009** submission of the proposed Program and Budget 2010/11 and the proposed Medium-Term Strategic Plan to the PBC;
- **September 2009** formal session of the PBC, followed by the Assemblies of Member States, to consider and approve the proposed Medium-Term Strategic Plan for 2010-15 and the proposed Program and Budget for 2010/11.

14. The Secretariat further wishes to highlight that there are elements of the mechanism which (i) remain outside WIPO's FRR; and/or (ii) may require fine-tuning in the same to ensure consistency. In order to ensure that all these elements form an integral part of the FRR, the Secretariat will present targeted proposals for amendments to the FRR to the Assemblies of Member States at their meeting in the fall of 2009.

*15. The Program and Budget Committee is invited to:*

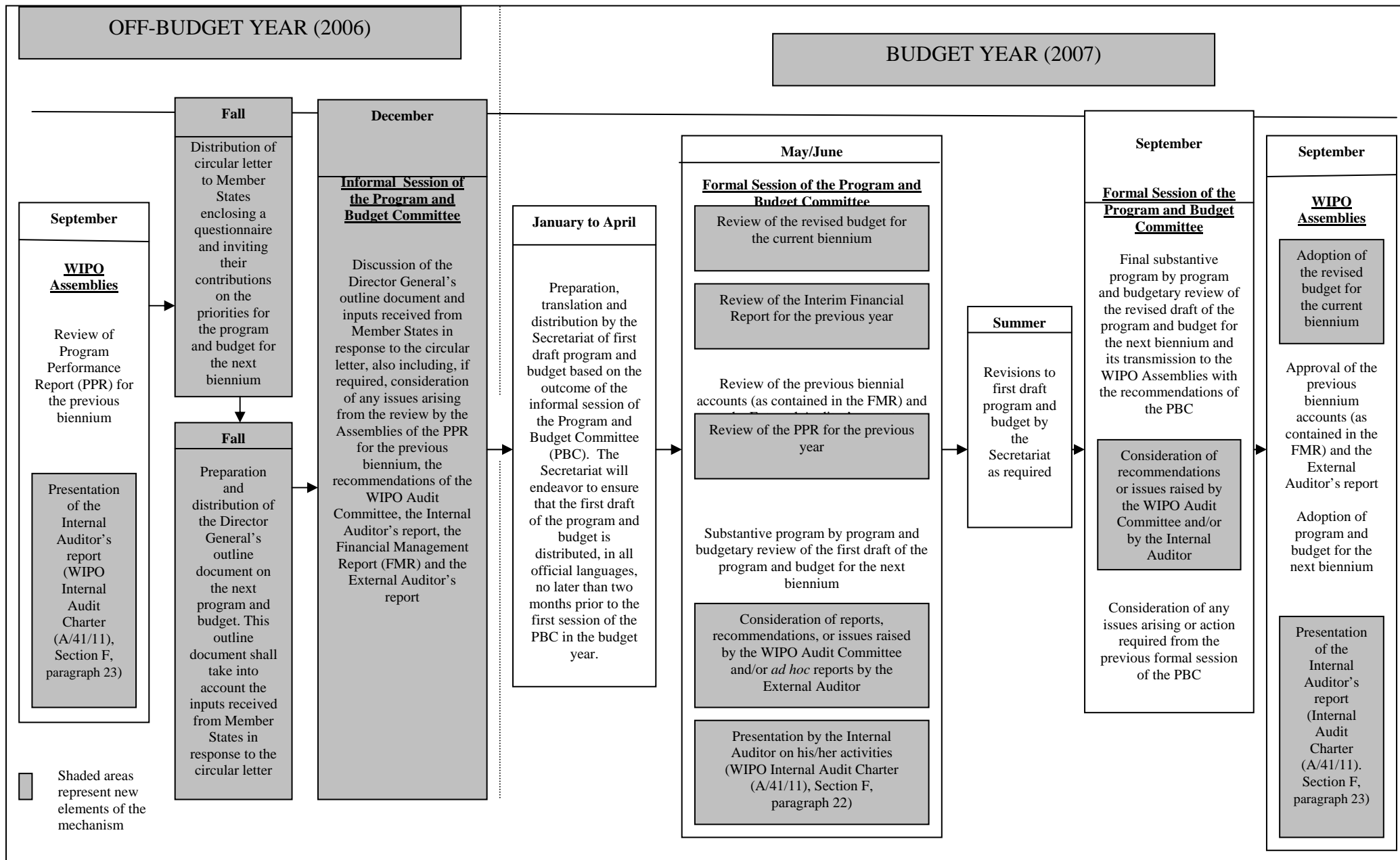
*(i) take note of the information contained in this document; and*

*(ii) approve the recommendation as described in paragraph 12 above, that the preparation and approval of the Medium-Term Strategic Plan 2010-15 in parallel with the preparation and approval of the proposed Program and Budget 2010/11 replaces the requirement in the new mechanism to issue a*

*Circular Letter, Questionnaire and Director General's Outline Document which were not undertaken in 2008 for the reasons explained in this document.*

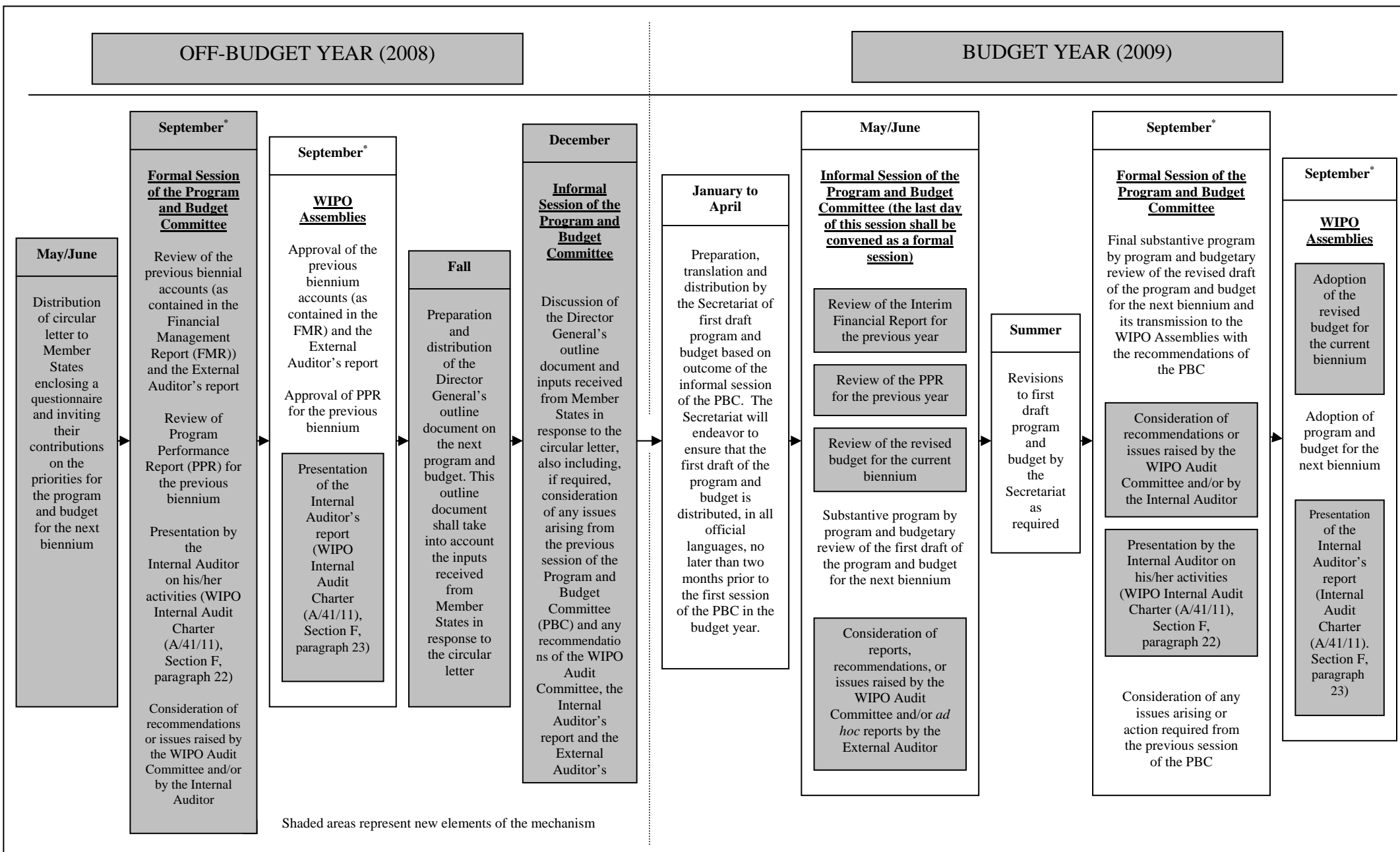
[Annexes follow]

Preparation and Follow Up of Program and Budget – Transitional Implementation of the New Mechanism in the Current Biennium (2006/07)



WO/PBC/13/7, ANNEX II – NEW MECHANISM AS ORIGINALLY APPROVED BY THE FORTY-THIRD ASSEMBLIES OF THE WIPO MEMBER STATES

A/42/9 Appendix 4 Preparation and Follow Up of Program and Budget – Full Implementation of the New Mechanism From the Next Biennium (2008/09) Onwards



\* or later, depending on the option that will be chosen. This issue will be discussed in 2007.